

House Bill 566

By: Representative Lindsey of the 54th

A BILL TO BE ENTITLED
AN ACT

1 To amend Code Section 36-82-61 of the Official Code of Georgia Annotated, relating to
2 definitions of terms used in Article 3 of Chapter 82 of Title 36, known as the "Revenue Bond
3 Law," so as to enlarge the definition of "undertaking" to include the establishment of a trust
4 fund to liquidate the unfunded accrued actuarial liability for pension or other
5 postemployment benefits; to amend Article 1 of Chapter 82 of Title 36 of the Official Code
6 of Georgia Annotated, relating to bonds in general, so as to repeal provisions relating to
7 pension obligation bonds; to provide for related matters; to repeal conflicting laws; and for
8 other purposes.

9 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

10 **SECTION 1.**

11 Code Section 36-82-61 of the Official Code of Georgia Annotated, relating to definitions of
12 terms used in Article 3 of Chapter 82 of Title 36, known as the "Revenue Bond Law," is
13 amended in paragraph (4) by striking the word "and" at the end of subparagraph (K);
14 replacing the period at the end of subparagraph (L) with the symbol and word "; and"; and
15 adding a new subparagraph (M) to read as follows:

16 "(M) The establishment of a trust fund to liquidate, in whole or in part, the unfunded
17 accrued actuarial liability for pension or other postemployment benefits, which trust
18 fund may be invested as provided in Code Section 47-1-12 or Article 7 of Chapter 20
19 of Title 47, notwithstanding Code Section 36-82-7; such a trust fund may be established
20 notwithstanding the fact that there is no legal obligation to pay such retirement benefits
21 or that such retirement benefits may be altered or eliminated, and the establishment of
22 such a trust fund shall not constitute a contract to pay retirement benefits."

SECTION 2.

Article 1 of Chapter 82 of Title 36 of the Official Code of Georgia Annotated, relating to bonds in general, is amended by repealing and reserving Code Section 36-82-9 as follows: "36-82-9.

Reserved.

~~(a) As used in this Code section, the term:~~

~~(1) 'Annual savings' means the difference between the annual debt service payments on pension obligation bonds and the annual required contribution to fund the unfunded actuarial accrued liability of the pension fund.~~

~~(2) 'Level debt structure' means the establishment of a bond repayment schedule that requires equal annual debt service payments, including both principal and interest, over the life of the debt issue.~~

~~(3) 'Pension obligation bond' means a bond issued as a general obligation bond in accordance with the provisions of this chapter, the proceeds of which are deposited with the government's retirement system administrator to liquidate, in whole or in part, the government's unfunded accrued actuarial liability to the government's retirement plan.~~

~~(b) No political subdivision shall issue any pension obligation bond unless the state auditor has certified that such bonds comply fully with the provisions of this Code section.~~

~~(c) All pension obligation bonds shall:~~

~~(1) Be general obligation bonds subject to the provisions of the Constitution of the State of Georgia and this chapter relating to general obligation bonds;~~

~~(2) Be included as a component of the total debt of the political subdivision subject to the debt limits provided in Article IX, Section V of the Constitution of the State of Georgia;~~

~~(3) Be issued on a competitive basis;~~

~~(4) Specify a level debt structure; and~~

~~(5) Specify a maturity not longer than 20 years.~~

~~(d) An amount not less than 5 percent of the annual savings shall be deposited into a reserve fund as protection against changes that might impact the future financial condition of the pension system.~~

~~(e) Neither the political subdivision issuing pension obligation bonds nor any department, agency, authority, retirement system, or pension fund of such political subdivision shall purchase the pension obligation bonds so issued."~~

SECTION 3.

All laws and parts of laws in conflict with this Act are repealed.